

**BUFFALO FISCAL STABILITY AUTHORITY**  
**Meeting Minutes**  
**May 19, 2021**

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The following are the minutes from the meeting of the Buffalo Fiscal Stability Authority (the “BFSA”) held on May 19, 2021. The Board met via teleconference in compliance with New York State Executive Order 202.107. The meeting was called to order at 1:05 PM.

**Board Members Present**

Chair R. Nils Olsen, Jr.  
Interim Vice-Chair Jeanette T. Jurasek  
Secretary Frederick G. Floss  
Director Andrew A. SanFilippo  
Mayor Byron W. Brown (proxy Estrich)  
County Executive Mark C. Poloncarz (proxy Swanekamp)

**Staff Present**

Executive Director Jeanette M. Robe  
Principal Analyst/Media Liaison Bryce E. Link  
Senior Financial Analyst II/Manager of Technology Nathan D. Miller  
Administrative Assistant Nikita M. Fortune  
Comptroller Claire A. Waldron

**Additionally Present**

Mr. Richard A. Grimm, III, Esq., Magavern Magavern & Grimm LLP  
Mr. James Magavern, Esq., Magavern Magavern & Grimm LLP  
Mr. Geoff Pritchard, Chief Financial Officer, Buffalo City School District

**Opening Remarks**

Chair Olsen welcomed everyone to the May Board meeting, thanked all that were in attendance, and reviewed the agenda. Chair Olsen asked Secretary Floss to call the roll.

**Roll Call of Directors**

Secretary Floss called the roll.

City of Buffalo (“City”) Commissioner of Finance, Ms. Donna Estrich, represented Mayor Byron W. Brown in accordance with Subdivision 1 of §3853 of the BFSA Act.

Erie County Deputy Budget Director, Benjamin Swanekamp, represented County Executive Mark C. Poloncarz, in accordance with Subdivision 1 of §3853 of the BFSA Act.

Subdivision 1 of §3853 of the BFSA Act reads: “...The Mayor and the County Executive shall serve as ex officio members. Every director, who is otherwise an elected official of the City [of Buffalo] or County [of Erie], shall be entitled to designate a single representative to attend, in his or her place, meetings of the Authority and to vote or otherwise act in his or her behalf. Such designees shall be residents of the City of Buffalo (“City”). Written notice of such designation shall be furnished prior to any participation by the signal designee....”

With a quorum present, the meeting commenced.

### **Approval of the Minutes**

Chair Olsen introduced Resolution No. 21-03: “Approving Minutes and Resolutions from March 25, 2021 and April 12, 2021.”

Secretary Floss made a motion to approve.

Mayor Brown (Donna Estrich) seconded the motion.

The Board voted 6-0 to approve Resolution No. 21-03.

### **City of Buffalo (“City”)**

#### *Fiscal Year (“FY”) 2020-21 Third Quarter Report*

Chair Olsen advanced the agenda to the review of the City of Buffalo’s 2022-2025 financial plan and FY 2020-21 third quarter report as submitted on April 30, 2021. The Common Council is in the process of reviewing the proposed budget. A final submission is expected to be submitted by the Mayor to the BFSA in June 2021 which will incorporate the final approved budget. The final financial plan will be reviewed at the June BFSA board meeting. Principal Analyst Bryce Link began his review of the City’s third quarter report. The City is projected to use approximately \$11.0M of federal rescue dollars. The third quarter year-end projected revenues showed an unfavorable variance of \$19.5M, or 3.8%. Third-quarter year-end projected expenditures showed a favorable variance of \$19.5, or 3.8%; therefore, no deficit is projected. After eliminating the impact of the use of federal rescue dollars, estimated revenues are \$489.1M and the preliminary unfavorable variance is \$30.5M.

All revenue sources were projected to contribute to the total unfavorable variance of \$30.5M, or 6.0%, and were illustrated as follows:

- \$9.9M projected to be under budget in intergovernmental revenue
  - \$65.0M unfavorable variance is attributed to federal rescue funds
    - An estimated amount of \$11.0M is to be used but was not included in the City’s third quarter report
  - \$43.4M favorable variance is attributed to New York State (NYS) Aid and Incentives for Municipalities
  - \$14.0M favorable variance is attributed to sales tax
- \$6.2M under budget in fines
  - \$3.6M is attributed to parking fines
  - \$2.4M is attributed to moving violation tickets – due to non-implementation of the school bus cameras
  - \$0.2M is attributed to all other fines
- \$3.2M projected to be under budget in miscellaneous revenue
  - \$3.2M is due to the delayed sale of capital assets
- \$2.9M under budget in service charges
  - \$1.8M is attributed to parking meter fees
  - \$0.5M is attributed to default mortgage fees
  - \$0.3M is attributed to foreclosure fees
  - \$0.3M is attributed to all remaining service fees

- All other revenues net unfavorable variance of \$2.3M
  - Taxes unfavorable by \$0.9M
  - Earned Interest is unfavorable by \$0.9M
  - Licenses & Permits is unfavorable by \$0.4M
- Transfers In with an unfavorable variance of \$6.0M
  - Transfers In from the parking fund was reduced from \$6.0M to \$0.0

Within Departmental Costs, the City is expecting a total favorable variance of \$6.5M or 2.7%. It was noted the Fire Department is expected to be over budget by almost \$4.4M, or 7.0%

Within General Charges the City is expecting a favorable variance of \$13.0M mainly due to a favorable variance in fringe benefits.

A total favorable variance of \$19.5M is anticipated at the end of the third quarter due to the following:

- FYE total expenditure projection is \$19.5M below the adopted budget:
  - \$6.5M total budgetary favorable variance in Departmental expenditures largely due to vacancies
    - Fire Department exceeds adopted budget by \$4.4M
    - Remaining departments projected to have favorable budget variances of \$10.9M:
      - Administration & Finance - \$3.1M
      - Public Works - \$2.7M
      - Police department - \$1.7M
      - Human Resources - \$0.9M
      - All other departments - \$2.5M
- \$13.0M total budgetary projected favorable variance in General Charges
  - \$11.4M favorable variance in fringe benefits & personal services
    - Health insurance \$8.9M favorable variance
    - Pension \$2.2M favorable variance
    - \$1.2M favorable variance for workers' compensation
    - \$0.5M favorable variance for dental insurance
    - \$1.4M unfavorable variance for duty disability salaries
  - \$0.5M favorable variance in Other category
  - \$1.0M favorable variance in Utilities
  - \$0.1M favorable variance in Debt Service
    - The City did not need to issue a RAN during the current fiscal year
- Transfers Out – no projected variance

As of March 31, 2021, there were 2,688 budgeted FTEs and 2,418 filled FTEs, representing a vacancy rate of 270, or 10.0%. The Police Department had 798 budgeted FTEs and 726 filled FTEs, or a vacancy rate of 72, or 9.0%. The Fire Department had 742 budgeted FTEs and 715 filled FTEs, or a vacancy rate of 26, or 3.5%. There were approximately 38 firefighter and firefighter lieutenants that are out as injured-on-duty or "IOD".

#### Summary and Recommendations

- The City has been awarded \$331.4M through the federal American Rescue Plan 2021 program

- The City will need to determine the restrictions on the use of the available funding to be able to maximize use
- Based on the anticipated receipt of the federal stimulus funding, a deficit is not projected for 2020-21
  - The City has estimated to use \$11.0M in federal aid to close the current-year end deficit
- The City is planning to use an additional \$25.3M in federal aid to retire the deficit note that was issued in 2019-20.
- The Tribal-State Compact revenue was budgeted at \$11.0 million
  - It is included in the year-end projection as revenue
    - The arbitration panel found in favor of NYS
    - Subsequently, the U.S. Department of Interior issued a letter that it will review the current Compact extension
    - The timing of the release of the funds is unknown
    - An estimated \$31.0M is due to the City of Buffalo
    - The non-receipt of the TSC casino funds may result in the use of Assigned fund balance, \$12.7M was reported as of June 30, 2020.
    - In the event federal stimulus is unable to close the budget gap, a deficit will result in further draws of unrestricted fund balance, which totaled \$50.8 million as of June 30, 2020.
    - BFSA recommends the City continue to closely monitor its unrestricted cash balances as shortfalls were projected in certain months which may require cash planning.

Secretary Floss stated the City has been conservative in budgeting and the projected deficit is mainly COVID related. Mr. Link agreed that COVID impacted the 4<sup>th</sup> quarter of FY 2019-20 through the third quarter of FY 2020-21.

Ms. Estrich clarified the delay of sales of capital assets or \$3.2M was due to the inability to have in-rem sales. Secretary Floss stated for the record that foreclosures were halted as a result of the pandemic and it will probably take longer to recover from the impact.

Director SanFilippo asked if the City's Administration agreed with the report as presented by Mr. Link. Ms. Estrich agreed and stated the fire department's overtime concerns are being addressed by hiring another employee for personnel.

Interim Vice-Chair Jurasek asked how the 10.0% vacancy rate compares to previous years.

Ms. Estrich stated historically, the vacancy rate approximately 10.0%, and departments were instructed not to fill vacancies this year.

Chair Olsen stated the Administration managed the City's finances well during such a difficult time without having to furlough any employees. Hearing no additional comments Chair Olsen advanced the agenda.

*FY 2022-2025 Financial Plan*

Mr. Link began his presentation of the financial plan stating revenues and expenditures for 2021-2022 are \$534.6M and increase to \$548.0M over the three out-years, a total of \$2.2B in revenue and expenditures over the four years of the financial plan.

The 2020-21 adopted budget included estimated revenues and expenditures of \$519.6M and projected the year-end amounts at \$500.1M. Estimated revenues and budgeted appropriations of \$534.6M in the proposed 2021-22 budget represents a budget-to-budget increase of \$15.0M and a year-end to budget increase of \$34.5M. The projected year-end amount of \$500.1M includes the use of \$11.0M in federal rescue funds.

Fund Balance as of June 30, 2020, totaled \$89.5M:

• Nonspendable/restricted	\$38.7M
• Committed (Rainy Day Fund)	\$38.1M
• Assigned	\$12.7M
• Unassigned	\$ -0-

Total 2021-22 estimated revenue of \$534.6M categorized by source includes:

- City \$189.8M, or 35% (a decrease of \$28.5M as compared to FY 2020-21)
- NYS \$185.9M, or 35% (an increase of \$42.5M as compared to FY 2020-21)
- Erie County \$86.5M, 16% (an increase of \$15.6M as compared to FY 2020-21 attributed to increase in sales tax collections)
- Federal \$58.7M, or 11%
- Transfers In \$9.2M, or 2%
- Other \$4.3M, or 1%

The Taxes category is projected to increase from \$156.8M in FY 2021-22 to \$165.8M, or 5.7% in FY 2024-25. Real Property Tax receipts are anticipated to increase annually while the remaining taxes from the New York State School Tax Relief (“STAR”) program, mortgage tax, payments-in-lieu-of-taxes (“PILOTs”), and all other taxes are expected to remain flat. Taxes represent 29.3% of total revenues in FY 2021-22. The City is currently utilizing 49.7% of the available taxing levy, or \$147.9M. Approximately \$149.6M, or 50.3% of the levy is available.

Real property taxes are budgeted at \$142.3M in FY 2021-22 and are budgeted to increase by

- \$2.8M, or 20%, to \$145.2M in FY 2022-23
- \$2.9M, or 2% to \$148.1M in FY 2023-24
- \$3.0M, or 2% to \$151.0M in FY 2024-25

A breakout of the total tax levy summary for 2021-22 was provided, including the rates for homestead and non-homestead tax rates. The total tax levy is \$147.9M. Of the total tax levy amount, the City retains \$77.0M and transfers \$70.8M to the District. The homestead rate is \$9.88 per \$1,000 of assessed property and the non-homestead rate is \$17.21 per \$1,000 of assessed property. Total property taxes from homestead properties total \$71.4M, and the non-homestead portion totals \$76.5M.

Intergovernmental Revenues over the Financial Plan:

	<b>2021-22 Proposed Budget</b>	<b>2022-23 Projection</b>	<b>2023-24 Projection</b>	<b>2024-25 Projection</b>
<b>Intergovernmental</b>	<b>Financial Plan</b>			
State AIM	\$ 161,285,233	\$ 161,285,233	\$ 161,285,233	\$ 161,285,233
Sales Tax	86,454,865	88,183,962	90,388,561	92,196,332
TSC - Casino Revenue	11,000,000	26,055,000	30,000,000	15,000,000
Federal Stimulus	50,430,000	22,733,110	-	-
Marijuana Tax	-	-	16,000,000	16,000,000
All Other	5,076,893	6,728,468	6,957,909	7,087,645
<b>Total Intergovernmental</b>	<b>314,246,991</b>	<b>304,985,773</b>	<b>304,631,703</b>	<b>291,569,210</b>

- \$314.2M budgeted in 2021-22 represents 58.8% of total revenues
- Intergovernmental revenue category fluctuates over the financial plan:
  - Decreases \$9.3M (2.0%) to \$305.0M in 2022-23
  - Reduced \$0.4M (0.1%) in 2023-24 to \$304.6M
  - Decreases \$13.1M (4.3%) to \$291.6M in 2024-25
- American Rescue Plan (“ARP”) 2021 – The City included \$50.4M in federal aid in 2021-22 and \$22.7M in 2022-23.
  - A total of \$331.4M was awarded to the City
  - The City has committed to using \$73.1M over the financial plan to make up for lost revenues in years 1 and 2 of the Financial Plan
  - The City plans to use approximately \$36.3M of federal aid in 2020-21 to address the current year-end projected deficit of \$11.0M and to retire the \$25.3M deficit note with interest due
  - The BFSa is awaiting the City’s submission of a plan to utilize the remaining federal ARP funds
- Tribal-State Compact casino revenue – the City included \$82.1M in total of casino revenue over the financial plan.
  - Increases from \$11.0M in 2021-22 to \$26.1M in 2022-23, to \$30.0M in 2023-24 and then reduced to \$15.0M in 2024-25.
  - \$15.0M in years 2022-23 and 2023-24 represents the estimated cumulative outstanding balance of \$30.1M from previous years.
  - The timing of payments is unknown
  - The current compact extension expires in 2023
- Sales Tax – is estimated at \$86.5M in 2021-22 and increases by \$5.7M, or 6.6 percent, to \$92.2M in fiscal year 2024-25.
  - Increased by \$15.0M (21.0%) between 2020-21 and 2021-22 due to higher than expected sales tax collection in the current fiscal year.
  - Budgeted at a decrease of \$18.4M (20.5%) in 2020-21 to reflect expectations from the impact of the pandemic.
  - Actual sales tax collections through May 2021 are \$82.9M and are \$2.2M (2.7%) more than the prior year amount of \$80.7M, and \$4.2M (5.3%) more than the 2019 amount of \$78.7M.
    - Increases by \$1.7M (2.0%) to \$88.2M in 2022-23.
    - Increases by \$2.2M to \$90.4M (2.5%) in 2023-24.
    - Followed by an additional \$1.8M (2%) increase in 2024-25 to \$92.2M.
- Marijuana Tax – is estimated at \$16.0M in both 2023-24 and 2024-25

- A total of \$32.0M is included in the Financial Plan
- Marijuana Tax is a new and untested revenue with no history of collection to calculate potential sales tax revenue.
  - Requested support of revenue estimate

Fines over the Financial Plan:

	<b>2021-22 Proposed Budget</b>	<b>2022-23 Projection</b>	<b>2023-24 Projection</b>	<b>2024-25 Projection</b>
<b>Fines</b>	<b>Financial Plan</b>			
Parking Tags Fines & Penalties	\$ 3,500,000	\$ 5,000,000	\$ 6,000,000	\$ 7,000,000
Traffic Violations Fines	2,000,000	2,010,000	2,020,050	2,030,150
School Zone Cameras	-	-	-	-
Court Fines	250,000	250,000	250,000	250,000
All Other Fines	565,750	565,950	566,154	566,154
<b>Total Fines</b>	<b>6,315,750</b>	<b>7,825,950</b>	<b>8,836,204</b>	<b>9,846,512</b>

- Fines total \$6.3M, or 1.2% of 2021-22 budgeted revenues.
- Fines increase by \$3.5M, or 55.9% over the Financial Plan.
  - Increase is attributed to Parking Tags Fines and Penalties
- Neither the school zone camera program nor the school bus-arm camera program were included in the Financial Plan.

Miscellaneous revenues are budgeted at \$16.9M in 2021-22 and represent 3.2% of budgeted revenues.

- Sale of capital assets budgeted at \$5.5M in 2021-22 and 2023-24.
  - Decreases to \$3.9M in 2022-23.
  - Estimated at \$18.6M in 2024-25.
  - \$5.0M is budgeted in 2020-21 for property foreclosure sales and \$3.5M thereafter
  - \$15.1M increase in 2024-25 represents the anticipated sale of a parking ramp.
    - Requested list of assets and valuations where available
    - Difficult to accurately predict from a timing perspective
- Settlement of legal claims increases to \$4.2M in 2022-23, attributed to litigation involving the opioid crisis.

All Other revenues over the Financial Plan:

	<b>2021-22 Proposed Budget</b>	<b>2022-23 Projection</b>	<b>2023-24 Projection</b>	<b>2024-25 Projection</b>
<b>Remaining Revenues</b>	<b>Financial Plan</b>			
Service Charges	\$ 13,597,035	\$ 14,860,743	\$ 15,242,800	\$ 15,876,565
Non-property Taxes	12,201,000	12,201,000	12,201,000	12,201,000
Licenses & Permits	5,283,464	5,336,299	5,389,666	5,416,617
Interest	100,000	500,000	1,000,000	1,000,000
<b>Total</b>	<b>31,181,499</b>	<b>32,898,042</b>	<b>33,833,466</b>	<b>34,494,182</b>

- All other revenues total \$31.2M, or 5.8% of budgeted revenues in 2021-22.
- Minimal variance in revenues across the financial plan, increasing \$3.3M, or 10.6 percent.
  - Service charges are budgeted to increase \$2.3M
  - Interest income is budgeted to increase \$0.9M

Hearing no questions or comments from the Directors, Mr. Link continued his presentation by reviewing expenditures.

Expenditures for FY 2021-22:

- General Fund Expenditures are budgeted to increase from \$519.6M to \$534.6M:
  - Represents an increase of \$15.0M, or 2.9%
- Total departmental spending of \$242.3M:
  - Includes projected amounts for step and wage increases
    - Estimated amounts included for future labor contract settlements budgeted in fringe benefits
  - Police Department is decreasing by \$0.8M
  - Fire Department is increasing by \$2.9M
  - Public Works is decreasing by \$2.7M
  - Administration and Finance is decreasing by \$2.0M
  - All other departments net increase of \$1.9M
- Total general charges spending of \$192.2M:
  - The City will continue to benefit from self-insured health insurance
    - Increase for active employees is \$6.9M, or 17.6%
    - Decrease for retirees is \$4.8M, or 10.4%
  - Pension contributions are budgeted to increase by \$6.2M
    - Increase for PFRS is \$5.2M, 16.0%
    - Increase for ERS is \$1.0M, 9.2%
  - Salary adjustment line is included at \$4.9M
    - Decreased annually over the Financial Plan
- Total general charges spending of \$192.2M:
  - Utilities increase by \$0.1M year-to-year
  - Debt Service decrease of \$0.1M
- Transfers Out are decreasing by \$0.5M to \$100.1M



- Decrease of \$0.5M for principal and interest on outstanding debt
  - No planned transfer to the Solid Waste and Recycling Enterprise Fund – the City has not had to subsidize the program since the rates were increased three years ago. Currently \$13.3M due to the General Fund
- Expenditures are projected to increase \$13.5M, or 2.5%:
  - Departmental expenditures are projected to increase by \$8.2M, or 3.4%:
    - Fire Department is the majority of the projected increase and is estimated to increase by \$3.1M, or 4.7%
    - Police Department is increasing \$2.4M, or 2.8%
    - Public Works is increasing \$0.4M, or 1.1%
    - All other departments net increase of \$2.3M
  - General charges are projected to increase by \$6.4M, or 3.3%:
    - Fringe benefits are increasing \$5.6M, or 3.5%
      - Health insurance increasing by \$6.8M, or 7.8%
      - Pension payments are increasing by \$1.4M, or 2.9%
    - Utilities are increasing \$0.5M, or 3.0%
- Interfund transfers out decrease by \$1.1M over the Financial Plan
  - Interfund transfers out total \$100.1M in 2021-22 and decreases to \$99.0M in 2024-25:
    - Transfer to the School District is flat at \$70.8M
    - Transfer to Capital Debt Service Fund at \$28.8M decreasing to \$27.7M in FY 2025
    - Transfer to Capital Projects Fund is flat at \$0.4M
  - Fourth year that an interfund transfer out to Solid Waste and Recycling Fund is not included
    - Transfer averaged between \$3.2-\$3.5M annually
    - Currently \$13.3M due to the General Fund

**Staffing Plan Over the Financial Plan for FTEs:**

	<b>2020-21 Adopted</b>	<b>2021-22 Projected</b>	<b>2022-23 Projected</b>	<b>2023-24 Projected</b>	<b>2024-25 Projected</b>
Police (uniform)	798	798	798	798	798
Fire (uniform)	742	742	742	742	742
Other	1,148	1,157	1,157	1,157	1,157
<b>Citywide</b>	<b>2,688</b>	<b>2,697</b>	<b>2,697</b>	<b>2,697</b>	<b>2,697</b>
<b>Net Increase/(Decrease)</b>	<b>-</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>

Mr. Link turned the floor over to BFSAs Executive Director Jeanette Robe to summarize the Financial Plan. Ms. Robe thanked BFSAs staff, the Administration, and the management of all covered organizations for their hard work and assistance in providing the necessary materials.

*Summary*

The City was awarded \$331.4M in federal stimulus and regulations on the use of the funds were released on May 10, 2021 and are being reviewed for the City's appropriate use within the general fund.

- The 2021-22 Proposed Budget is balanced with the use of an estimated \$50.4M in federal rescue aid and \$11.0M in TSC casino revenue.

- The remittance of the TSC casino revenue continues to be delayed and it is unknown if and when such funds will be released to the State and subsequently to the City.
  - In April 2021, the U.S. Department of Interior issued a letter that it will review the current extension, as it was not part of the original Compact that was reviewed in 2003.
  - TSC Casino revenue totals \$82.1M over the Financial Plan.
- The inclusion of TSC Casino revenue in the Financial Plan represents a significant risk, as the terms of any new agreement could vastly differ from the current agreement and nonreceipt of such funds would presumably be drawn from limited reserves.
- The Financial Plan forecasts increasing recurring casino revenue.
- Casino revenue provides 2.0%, 4.9%, 5.5%, and 2.7%, respectively, of total estimated/projected revenues over the Financial Plan.
- The Financial Plan is not compliant with the BFSA Act as the staff is unable to conclude that the projections of revenues over the Financial Plan are reasonable and appropriate. A draft resolution distributed on May 18, 2021 requests information be submitted no later than June 1, 2021. A revised Financial Plan is expected to be available for the June BFSA meeting.
  - Unsupported revenues over the Financial Plan are estimated at \$51.5M and include:
    - Marijuana tax revenue of \$32.0M
    - Sale of capital assets/property \$19.5M
    - Support for these revenue estimates from City Administration is pending
- The Financial Plan relies on \$127.2M of nonrecurring, one-time revenue
  - Federal rescue funds of \$73.2M supplants lost revenues
  - The remaining amount of \$54.2M:
    - Indicative of an operational imbalance as such funding is not sustainable
    - Overdue casino revenue of \$30.1M
    - Sale of capital assets and/or property \$19.5M
    - Settlement of legal claims of \$4.6M
  - Future revenues will need to be generated to replace such one-time sources or expenditures decreased
- The Financial Plan will require close monitoring, including difficult to estimate revenues, as unfavorable budgetary results will result in a decrease to unrestricted fund balance.
  - Unrestricted fund balance at June 30, 2020 was \$50.8M, consisting of \$38.1M in the Rainy-Day Fund and \$12.7M of assigned fund balance.
- The Government Finance Officers Association recommends no less than two months of regular operating expenditures
  - Two months of budgeted 2021-22 expenditures are equivalent to \$89.1M
  - If transfers out are excluded two months is equivalent to \$72.5M.
- The City is currently under recommended levels and should consider a fund balance replenishment program
- The City may be underestimating overtime in the police and fire departments. Underlying assumptions include the turnover rate and difference in salaries, assumptions to injured-on-duty claims, the ability to manage the workforce through contract changes, and training needs related to new employees.

- Due to the difficulty in predicting these costs and the significant reduction in vacancy savings as positions are filled, we recommend this area continues to be closely monitored
- There is a continued reliance from transfers in from the Parking Fund to fund the general operations of the City
  - Projected at \$14.5M over the Financial Plan
- The City is maintaining its contribution to the District of \$70.8M annually
  - The District continues to request additional funding
- The City no longer subsidizes annually the operations of the Solid Waste and Recycling Fund. Based on current projections, the rates charged for services will be adequate to fund operations.
  - On June 30, 2020, there was \$13.3M due to the General Fund which is reported as a restriction to fund balance
  - No formal plan has been developed to address the outstanding receivable
  - The Administration has indicated cash surpluses will be applied against the receivable
- The Mayor and Commissioner of Finance have ensured that expenditures reflect all expected expenditures; any estimate for unsettled labor contracts has been built into the Financial Plan.

Hearing no comments from the Directors, Chair Olsen advanced the agenda to the Buffalo City School District items.

### **Buffalo City School District (“District” “BCSD”)**

#### *Fiscal Year (“FY”) 2020-21 Third Quarter Report Analysis*

Mr. Nathan Miller began his presentation reviewing federal action:

- December 27, 2020 – *the U.S. Coronavirus Response and Relief Supplemental Appropriation Act (CRRSA) of 2021 was signed into law*
  - \$0.9 T for various Covid-19 relief programs
- March 11, 2021 - *the U.S. American Rescue Plan (ARP) Act of 2021 was signed into law*
  - ✓ Totaled \$1.9 T including \$12.6 B in direct aid for NYS

Federal Funds	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	4-Year Total
CRRSA – ESSER II	\$35,430,481	\$35,430,481	\$17,715,240	-	\$88,576,202
ARP-ESSER III	80,417,654	80,417,654	40,208,827	-	\$201,044,135
<b>Total</b>	<b>\$115,848,135</b>	<b>\$115,848,135</b>	<b>\$57,924,068</b>	<b>-</b>	<b>\$289,620,337</b>

#### *Significant Third Quarter Events*

- February 1, 2021 – The Buffalo Public Schools began a “phased reopening” wherein a predetermined group of students (Phase 1 Cohort) returned to in-person learning (hybrid learning model)
  - March 22, 2021 - students in grades 3, 4, 9, and all high-needs students (Phase II Cohort) returned to their classroom

- April 1, 2021 - the Superintendent notified the public that all remaining “opt-in” high school students would return on April 26, 2021. All remaining “opt-in” elementary students are scheduled to return on May 10, 2021
- March 12, 2021 – The District was a victim of a cyber-attack
  - The result was a loss of computer files and system inoperability
  - Phase II Cohort’s return to in-person instruction was deferred by one week
  - The District incurred and will incur significant costs to restore system operability, investigate, and install the necessary safeguards to minimize future exposures (costs are yet-to-be-determined)
  - The District has not fully restored its student management, facilities management, and financial operating systems
- March 31, 2021 – The Board of Education opted not to renew charters for both District-authorized charter schools: Enterprise Charter School and Westminster Community Charter School
  - The District plans to reopen Westminster as a District elementary school

The 2020-21 modified budget projected revenues were \$904.7M, the projected FYE revenues are \$902.3M, or a negative variance of \$2.4M. The 2020-21 modified budget expenditures were \$954.8M and the projected FYE revenues are \$887.8M, or a positive variance of \$67.0M.

- A CFYE favorable budgetary surplus of \$64.6 M and an overall \$14.5 M surplus was forecasted
- The District had 165 full-time equivalent (FTE) vacant positions at March 31, 2021 (3.4% vacancy rate)
- The 2020-21 budget was conservative considering the pandemic; however, Erie County sales tax is forecasted to have a positive variance of \$4.5M
- Federal CARES and Medicare reimbursement are expected to be unfavorable by \$ \$3.1M which is due to a timing issue

Total expenditures are projected to be significantly lower at \$887.8M, a positive variance of \$67.0M from the modified budget of \$954.8M. Employee compensation is projected to be \$309.5M, or \$18.1M under budget, mainly due to 165 FTE vacancies as of March 31, 2021. In addition, several compensation lines appear to be overstated given the employee compensation and the current contractual terms. Employee benefits are projected to be favorable by \$14.0M. Payments to charter schools are projected to be \$135.8M, or under budget by \$2.3M. Due to the lack of transportation required due to the pandemic, transportation expenses are projected to be favorable by \$29.0M at \$29.2M.

The largest impact on CFY expenditures was delayed in-person learning.

*Conclusion:*

- The District is currently forecasting a total \$14.5M surplus for the CFYE and a substantial \$64.6 M CFYE budgetary variance
- The District has identified CFY Covid-19 related expenditures of \$8.1M of which \$7.5M is recorded in the General Fund
  - These expenditures are potentially reimbursable through federal FEMA, CARES funding received from Erie County, and/or other reimbursement sources

- The District had an employee vacancy rate of 3.4% on March 31, 2021, as reported in the General Fund
- The District has forecast a \$32.1 M CFYE favorable budgetary variance in combined Employee Compensation and Employee Benefits based on the level of vacant positions at March 31, 2020
- The SFY 2020-21 Enacted Budget included the potential for significant cuts to NYS aid
  - The District initially quantified its additional, potential reduction in NYS Aid at \$110.0M
  - The New York State Division of the Budget conveyed that all school districts will be made whole for any previous withholdings
- Erie County Sales Tax has been more favorable than initially estimated despite the recession which officially began during the District's 2019-20 third quarter, as the economic recovery has exceeded initial expectations
  - As of May 15, 2021, actual sales tax receipts for the District for 2020-21 are \$11,258 lower than the same period last year, on a cash basis
  - The District is projecting a 10.2% favorable variance of \$4.5M for the 2020-21 fiscal year
- The March 12, 2021 cyber-attack has disrupted District operations
  - The costs associated with the attack's recovery are yet to be determined and will impact both the CFY and the upcoming FY
- The FY 2020-21 Adopted Budget included the assumption that as District enrollment decreases, the budgeted number of teachers can be reduced at a rate of 6.5 teachers per 100 pupils
  - The Modified Budget increased the number of budgeted teachers by 17 FTEs while enrolled pupils were significantly less than projected by 2,250 FTE pupils.
  - As the number of budgeted teachers has increased while the actual number of pupils has decreased, the District's planned reduction in teachers does not appear to be implemented.
- Overall, the District's year-end projections are conservatively made with final operating results expected to exceed the current projections favorably

Secretary Floss commended the teachers, teacher aides, and staff for their commitment without the anticipated increased costs. Chair Olsen agreed.

Hearing no additional comments Chair Olsen advanced the agenda to review the BCSD Financial Plan.

### *BCSD Financial Plan*

#### *Introduction*

- The 2021-22 Draft Budget and 2022-2025 Financial Plan was submitted to the BFSA on April 30, 2021
- The Financial Plan was approved on April 21, 2021
- The District plans to approve the budget on May 19, 2021
- The Draft Budget includes a deficit of \$29.0 M
- Each Financial Plan out-year depicts a surplus

- New York State's finances have been deeply impacted by the COVID-19 pandemic and the resulting Coronavirus Recession
  - The NYS Division of the Budget estimated that the pandemic and recession decreased NYS revenues in excess of \$10.0B
  - The U.S. Congress has passed recent legislation to address the pandemic and to aid the economic recovery
    - The Coronavirus Response and Relief Supplemental Appropriations Act of 2020 (CRRSA) totaled \$1.4T and allocated \$88.6M in additional funds for the District
    - The American Rescue Plan (ARP) Act of 2021 totaled \$1.9T and included \$12.6B in direct aid for NYS including an estimated \$201.0M for the District
- Several of the main cost drivers for the District have reduced rates of increase over the Financial Plan including health insurance for both active employees and retirees and pension payments
  - While these expenditures are projected to increase at rates that exceed most other expenditures, their rates of increase are not as high as experienced over the last decade
- The District has budgeted the appropriation of \$29.0M of fund balance in FY 2021-22
  - Largely the result of the one-time mismatch between Transportation expenditures and Transportation Aid
  - Lower transportation expenditures in FY 2020-21 reduce Transportation Aid in FY 2021-22 by approximately \$24.4M on June 30, 2021

#### *Summary of Revenues*

The 2021-22 draft budget projects \$943.5M in revenues and \$972.5M in expenditures, a \$29.0M negative variance; fund balance will be used to close the gap. Revenues in the three out-years exceed expenditures. The Financial Plan General Fund revenues increase at a CAGR of 2.4% over the Financial Plan. General Fund expenditures increase at a CAGR of 1.4%.

FY 2024-25 projected decrease in revenues is based solely on declining non-operating NYS Building Aid. General fund revenues increase by \$70.2M, or 7.4% over the financial plan. The 2020-21 adopted budget included a \$29.6M NYS pandemic adjustment which was offset by \$29.6M federal CARES restoration aid. NYS aid is projected to grow to approximately 80% of total budgeted revenue by FY 2024-25.

The year-to-year foundation aid increase is \$67.5M, or 8% and totals \$747.2M within the enacted budget.

#### *Summary of Expenditures*

- General fund expenditures are projected to total \$972.5M in the draft 2021-22 budget. Total expenditures are expected to grow to \$1,012.8B over the financial plan, a compound annual growth rate of 4.1%
  - Total employee compensation is budgeted at \$337.2M in the draft budget and increases to \$346.7M over the financial plan, or 2.8%. Employee benefits is budgeted at \$197.0M in the draft budget and increases to \$219.2M over the financial plan, or 11.3%.

- The projected year-to-year increase in general fund expenses, particularly with employee benefits and charter school payments, represents lower than average increases than in previous years.
- Compensation increases were based on contractual steps, less some assumed attrition of the workforce; most employee groups will be out of contract by the end of the next FY
- FTE budgeted staffing of 5,653 for FY 2021-22 is the highest since BFSa was created in 2003
- Unsettled Labor Contracts
  - All collective bargaining units have labor agreements that either are expired or are scheduled to expire by June 30, 2022
  - The FY 2021-22 Draft Budget and Financial Plan does not accrue compensation or benefit increases associated with settling expired labor agreements
    - The District has estimated these incremental expenditures at \$9.9M annually
    - The Financial Plan includes a total of \$9.0M of Assigned fund balance for this purpose
    - The set-aside would be insufficient to settle the cumulative \$39.6M estimated to settle all outstanding labor agreements

#### *Fund Balance*

- Projected at June 30, 2021
  - Total assigned           \$148.1M
  - Total unassigned       \$106.1M
  - Total fund balance     \$ 285.0M
- Projected at June 30, 2022 through June 30, 2025
  - Total assigned           \$119.1M
  - Total unassigned       \$106.1M
  - Total fund balance     \$256.0M
- Fund balance is projected to increase by \$19.0M in the CFY

The District is projecting a decline in enrollment in District schools and charter school enrollment is projected to increase by 11% over the financial plan. The long-term impact on school enrollment by the pandemic is unknown as current school enrollment is lower than originally projected.

Interim Vice-Chair Jurasek stated debt service is currently at \$109.0M and decreases to \$90.0M over the financial plan and asked when the Joint School Construction Board (“JSCB”) debt will be retired. Mr. Miller stated the District is in the process of paying down the debt by refunding the borrowings and uses a majority of the savings for capital projects. An exact date of payoff is unknown.

Director SanFilippo asked if negotiations have begun with District bargaining units for the expired contracts as they have an impact on the budget. Mr. Miller deferred to District management for a response and will report back to the board.

Hearing no additional comments Chair Olsen gave the floor to Ms. Robe for her conclusion.

*Conclusion:*

- The District has presented a balanced draft FY 2021-22 budget and related FY 2022-2025 Financial Plan
  - There is a timing difference between the incurrence of transportation expenditures and related transportation aid, which is resulting in the shift of \$29.0M from current year operations to the FY 2021-22 budget
  - This is a result of timing and not an operational imbalance
- The Draft Budget and the Financial Plan excludes any provision for the settlement of labor contracts; the estimate to bring all contracts current is \$9.9M annually to the General Fund
  - The District has indicated that it has set aside \$9.0M in fund balance specifically for contract negotiations
  - The funding of any excess costs would need to be addressed
- The final budget is anticipated to be adopted on May 19, 2021. It is not anticipated to be substantively different from the Draft Budget and is not anticipated to be modified until July 1st with the recognition of carry-forward encumbrances.
- The Financial Plan was developed using consistent underlying key assumptions as used in the development of the annual budget, adjusted for known or estimated increases or decreases.
  - The exception is the assumption is that there will be a reduction in teaching positions for a shift in students from District to charter schools
    - The estimate is a reduction of 6.5 teachers for every 100 students that enroll in charter schools
    - The total increased number of charter school students is 850 over the Financial Plan which equates to a reduction of 71 positions
    - The financial impact on the Financial Plan is a cumulative reduction to employee compensation expenditures of \$11.5M
  - An underlying assumption is that no new charter schools will be authorized in the City as state legislation has been requested and is currently pending
- The NYS 2021-22 Enacted Budget and the related four-year financial plan provides substantial increases to Foundation Aid for the District
  - The year-to-year increase in Foundation Aid is \$67.5M, or 8.0%, with Foundation Aid totaling \$747.2M within the Enacted Budget
  - NYS has committed to eliminating the Pandemic Adjustment going forward; this adjustment reduced NYS Aid by \$29.6M in FY 2020-21 but was supplanted with federal aid
  - NYS passed legislation expected to fully fund Foundation Aid by FY 2023-24; this provides an approximate 4.5% increase annually for FY 2022-23 and FY 2023-24
  - In total, the Financial Plan includes \$122.7M of incremental Foundation Aid to the District in general funds
- In addition to New York State Aid, unprecedented levels of federal aid have been awarded to the District to address a multitude of issues resulting from the pandemic.
  - While guidance for the use of such funds has not yet been issued, such guidance will be forthcoming and will be used in the development of the District's spending plan which is required to be completed by July 1, 2021
  - The total amount of federal stimulus dollars being addressed within the plan is approximately \$289.6M which is outside of the general fund



Chair Olsen advanced the agenda to review Buffalo Urban Renewal Agency items.

### **Buffalo Urban Renewal Agency**

#### *2022-2025 Financial Plan*

Mr. Bryce Link began his presentation with the following overview of the entitlement funds as awarded for program year 47:

- The Buffalo Urban Renewal Agency (“BURA”) received the initial Year 47 Entitlement Funds award notice from HUD on February 25, 2021
  - A revised entitlement letter was received in May 2021 which increases Year 47 allocation by approximately \$200,000
- BURA received an additional \$11.4 million from the CDBG-CV (CARES Act funding)
- Out-year revenues are budgeted conservatively with decreases attributed to the spenddown of outside grants and CDBG-CV funds:
  - 19.2% decrease in 2022-23
  - 18.4% decrease in 2023-24
  - 9.8% decrease in 2024-25
- Subrecipients receive approximately \$2.8M from BURA in year one and the amount decreases to \$700,000 by year four

Initially, Year 47 entitlement funds awarded for FY 2021-22 totaled \$19.4M; of which \$10.6M will be distributed by BURA and the remaining \$8.8M will be distributed by the City with disbursements as follows:

- Community Development Block Grant (“CDBG”) allocation is expected to decrease by \$114,780, or -0.8%, compared to 2020-21
- Housing Opportunities Made Equal (“HOME”) allocation is expected to increase by \$46,213, or 1.4%
- Emergency Shelter Grants (“ESG”) allocation is expected to increase by \$36,782, or 4.5%
- Housing Opportunities for Persons with AIDS (“HOPWA”) budgeted to decrease by \$6,702, or -0.6%
  - ESG and HOPWA are administered solely by the City.

The Financial Plan is reflective of all known and estimated revenues including entitlement funds, program income and additional grants (CDBG-CV, Evans Fund, Local Initiatives Support Corporation (“LISC”), the Enterprise New York’s Cities for Responsible Investment and Strategic Enforcement (“Cities RISE”) program and restricted funds). It includes resources in the first three years of the Financial Plan for negotiating a labor agreement between BURA and Local CSEA 815 that expired on June 30, 2020; negotiations are in process. Separate projections for salaries and fringe benefits have also been included.

The revenues and expenditures are equal over the course of the Financial Plan. Any revenue in excess of expenditures is rolled forward into future years. BURA begins the fiscal year by drawing down prior year entitlement grant funds before receiving current year funds.

2021-22 CDBG and HOME expenditures were outlined as follows:

- CDBG has been budgeted in the amount of \$8.2M.
  - \$5.2M for program delivery
    - \$3.5M for emergency loan program
    - \$1.5M for program delivery costs
    - \$0.2M for crime prevention program delivery
  - \$3.0M for administrative costs
- HOME has been budgeted in the amount of \$3.6M
  - \$3.2M for HOME program delivery
    - \$2.6M for rehabilitation and new construction
    - \$0.5M for community housing development organizations
    - \$0.1M for HOME program delivery
  - \$0.4M for administrative costs

Administrative costs are limited to a maximum percentage of the grant award and program delivery costs are not included in the following limits:

- CDBG = 20% + program income
- HOME = 10%
- CDBG-CV = 20%

Additional items of note:

- Additional grants were received by BURA and are now reflected in the Budget and Financial Plan:
  - CDBG-CV Cares Act funding (\$11.4M)
  - Cities RISE grant funds (\$0.9M)
  - LISC funds (\$0.4M)
  - Treasury Grant Assistance (\$0.8M)
  - Lead Hazard Grant (\$1.9M)
  - BURA continues to look for new revenues
- BURA is including prior year allocations as a current year resource for CDBG and HOME Funds
- Revenue forecast is conservative in the out-years
- There is adequate funding for administrative costs
- BURA does not participate in the City of Buffalo's self-funding of health insurance and continues to maintain coverage through Blue Cross Blue Shield
  - Annual increases of 6.0% for health insurance costs are included in the Financial Plan
- BURA is holding 32 properties valued at \$3.2M
  - Intent is to continue to strategically assess portfolio and sell properties
- Neighborhood framework plan is ongoing, which allows multiple stakeholders the ability to coordinate with each other on agreed-upon housing goals and objectives
- The staffing plan for 2021-22 is at 44 FTEs over the Financial Plan, the 2020-21 Budget included 39FTEs

### Conclusions

Ms. Robe thanked Mr. Link for his presentation and provided the following summary:

- 2022-2025 Financial Plan is balanced

- Key underlying assumption is Entitlement Funds will increase 2% annually in out-years two and three
  - Entitlement funds in out-year four is held at year three amounts
- Future entitlement awards will need to be monitored
  - Plan for potential funding reductions by prioritizing projects and projecting staffing needs
- The Financial Plan appropriately reflects the available CARES funding and required timing of the use of such funds
- Unknown how 2020 census will impact funding
- Larger social and city-wide issues are challenging and driven by policy as implemented by BURA's Board of Directors

Hearing no comments Chair Olsen advanced the agenda.

*FY 2020-21 BURA Third Quarter Report Analysis*

Chair Olsen asked for a motion to receive and file the third quarter report.

Secretary Floss made the motion as requested.

County Executive Poloncarz (Mr. Benjamin Swanekamp) seconded the motion.

The Board voted 6-0 to approve.

**Buffalo Municipal Housing Authority ("BMHA")**

*Fiscal Year ("FY") 2020-21 Third Quarter Report Analysis*

Chair Olsen stated the BMHA third quarter report was emailed separately and asked for a motion to receive and file the report.

Secretary Floss made the motion as requested.

County Executive Poloncarz (Mr. Benjamin Swanekamp) seconded the motion.

The Board voted 6-0 to approve.

**Review of BMHA 2021-22 Adopted Budget and 2022-2025 Financial Plan**

Mr. Miller provided the following introduction:

- The FY 2021-22 Consolidated Adopted Budget and FY 2022-2025 Consolidated Financial Plan was submitted to the BFSa on April 30, 2020
- The Financial Plan includes the individual budgets and financial plans for the combined twenty-two AMPS, the Central Office ("COCC"), the Marine Drive Apartments, and the HUD Housing Choice Voucher Program
- The Financial Plan includes the individual financial plans and a consolidated financial plan

The following economic factors impacting BMHA's Adopted Budget and Financial Plan were reviewed:

- The Congressional approval of HUD funding levels for the BMHA
- Local, inflationary, recessionary and unemployment trends that affect resident incomes and the number of eligible recipients

- The Centers for Disease Control and Prevention Department of Health and Human Services Order Temporary Halt in Residential Evictions to Prevent the Further Spread of Covid-19 (effective until June 30, 2021) and the NYS Covid-19 Emergency Eviction and Foreclosure Act of 2020 (effective until August 31, 2021)
- The U.S. Coronavirus Aid, Relief, and Economic Security Acts and the American Rescue Plan Act's impact on BMHA revenues

FY 2022-2025 Financial Plan Consolidated Summary:

<b>FY 2022-2025 Financial Plan Consolidated Summary</b>						
<b>Description</b>	<b>2020-21 Adopted Budget</b>	<b>2021-22 Adopted Budget</b>	<b>2022-23 Outyear 1</b>	<b>2023-24 Outyear 2</b>	<b>2024-25 Outyear 3</b>	<b>Totals</b>
	<b>\$ in Millions</b>					
Total Revenues	\$48.8	\$51.3	\$52.5	\$53.6	\$54.8	\$212.2
Total Expenses	47.0	49.6	50.1	50.6	51.1	\$201.4
Net Operating Income (Loss) before Debt Service	1.8	1.7	2.4	3.0	3.7	\$10.8
Debt Service - Principal Reduction	(1.8)	(1.9)	(1.9)	(1.9)	(1.9)	(\$7.6)
Net Income Reduced for Debt Service - Principal Reduction	0.0	(0.2)	0.5	1.1	1.8	\$3.2
Cash Impact after Removal of the Non-cash OPEB Accrual)	\$1.3	\$1.2	\$1.9	\$2.5	\$3.2	\$8.8

- Total expenses include the annual accrual for OPEB, a non-cash accrued expense of future benefits earned by active employees.
- The 2022-2025 Financial Plan projects a four-year cumulative surplus of \$10.8 million and a four-year positive cash flow of \$8.8 million. The revised four-year cumulative surplus after eliminating the Section 8 program is \$7.6 million with no change to the cash flow projection.

The Adopted Budget for 2021-22 estimated \$51.3M in revenues and budgeted \$49.6M in expenses for a net income of \$1.7M prior to the payment of principal on debt. The cash impact after payment of principal on debt and eliminating the non-cash impact of the OPEB accrual is a positive \$1.2M. The four-year cumulative net income projected over the financial plan is \$10.8M; the total cash impact is a positive \$8.8M.

Financial Plan revenues as budgeted by unit were identified as follows:

Consolidated FY 2022-2025 Financial Plan Revenues							
Description	2020-21 Adopted Budget	2021-22 Adopted Budget	2022-23 Outyear 1	2023-24 Outyear 2	2024-25 Outyear 3	\$ Change from Year 1-4	% Change from Year 1-4
\$ in Millions							
<i>HUD Subsidy</i>	\$18.2	\$20.1	\$20.7	\$21.3	\$21.9	\$1.8	9.0%
<i>Net Dwelling/Non-Dwelling Income</i>	15.0	\$14.4	\$14.7	\$15.0	\$15.4	1.0	6.9%
<i>HUD PHA Grants - Vouchers</i>	6.4	\$6.8	\$7.0	\$7.2	\$7.4	0.6	8.8%
<i>All Other Revenues</i>	6.7	\$7.0	\$7.1	\$7.1	\$7.1	0.1	1.4%
<i>Transfers from Capital Grants</i>	2.5	\$3.0	\$3.0	\$3.0	\$3.0	0.0	0.0%
<b>Total Revenue</b>	<b>\$48.8</b>	<b>\$51.3</b>	<b>\$52.5</b>	<b>\$53.6</b>	<b>\$54.8</b>	<b>\$3.5</b>	<b>6.8%</b>

Mr. Miller reported consolidated 2021-22 expenses are budgeted at \$49.6M and are expected to increase to \$51.1M, or 3.0% over the plan. A 2% employee increase has been included in the plan based on current contracts which are in effect through June 30, 2023.

Financial Plan expenses as budgeted by unit were identified as follows:

Consolidated FY 2022-2025 Financial Plan Expenses							
Description	2020-21 Adopted Budget	2021-22 Adopted Budget	2022-23 Outyear 1	2023-24 Outyear 2	2024-25 Outyear 3	\$ Change from Year 1-4	% Change from Year 1-4
\$ in Millions							
<i>General Expenses</i>	\$13.0	\$14.2	\$14.3	\$14.3	\$14.3	\$0.1	0.7%
<i>Maintenance</i>	11.0	12.1	12.3	12.4	12.5	0.4	3.3%
<i>Administrative</i>	9.4	9.5	9.6	9.7	9.8	0.3	3.2%
<i>Utility</i>	5.5	5.6	5.7	5.9	6.1	0.5	8.9%
<i>Other Expenses</i>	6.6	6.9	6.9	7.0	7.1	0.2	2.9%
<i>Protective Services/ Resident Service Costs</i>	1.5	1.3	1.3	1.3	1.3	0.0	0.0%
<b>Total Expenses</b>	<b>\$47.0</b>	<b>\$49.6</b>	<b>\$50.1</b>	<b>\$50.6</b>	<b>\$51.1</b>	<b>\$1.5</b>	<b>3.0%</b>

The staffing count as of March 31, 2021 was 145 while there were 159 budgeted FTEs. The 2021-22 Adopted Budget includes 159 FTEs which is held flat across the three out-years. Total employee salaries and benefits are budgeted at \$13.8M in FY 2021-22 and are projected to increase by \$0.6M to \$14.4M over the Financial Plan based on the contractual and estimated increases in employees' labor agreements as well as two additional executive full-time employees.

Mr. Miller provided a more detailed look at the Financial Plans of the individual units as follows:

#### AMP

The FY 2021-22 AMP Adopted Budget depicts \$1.7M in net operating income

The cash impact after the debt service principal reduction of \$1.7M and removing the non-cash \$0.9M OPEB accrual is budgeted at \$1.3M

### *COCC*

The COCC is the business unit of the BMHA

Operates as a property management company and is financially supported through fees earned by overseeing business activities

The BMHA has budgeted a FY 2021-22 net operating loss of \$0.1M

### *Marine Drive*

Budgeted \$0.3M operating loss in FY 2021-22

The cash impact is an outflow of \$0.4M after paying \$0.2M in debt service and removing the \$0.1M non-cash OPEB accrual

If losses incur, such losses would be funded by available Marine Drive reserves and potentially through COCC current year operations or through COCC reserves to the extent available

Marine Drive Replacement Reserves totaled \$451,207 at June 30, 2020

Reductions in non-fixed expenses at the Marine Drive Apartments would need to be considered

### *Section 8*

Revenues = \$7.7 M, or 10.5% of total FY 2021-22 revenues

Expenses = \$7.7 M, or 15.5% of total FY 2021-22 expenses

The CARES Act has provided the Section 8 program with an additional \$1.25 B in overall funding

Any reported surplus or deficit is temporary in nature as the program self-balances

### *Conclusion*

Ms. Robe provided the following conclusions:

- The 2022-2025 Financial Plan projects a four-year cumulative surplus of \$10.8M and a four-year positive cash flow of \$8.8M
  - The financial impact related to the Section 8 unit of the organization should be eliminated in evaluating the completeness of the plan as ultimately there is no financial impact from implementing the Section 8 voucher program
  - The revised four-year cumulative surplus after eliminating the Section 8 unit is \$7.6M with no change to the cash flow projection
- Individually, the budget for the Marine Drive Apartments is not balanced
  - A four-year deficit of \$0.7M is projected with a \$1.1M total cash outflow projected over the same period
  - Marine Drive reserves total \$452,000 as of July 1, 2020 and are insufficient to cover the projected loss
  - It is recommended that BMHA prepare a contingency plan to reduce costs where possible in the event actual losses create a need to implement a revised operating program
- The COCC operations are projected to have a four-year cumulative deficit of \$0.9 M before accounting for non-cash items
  - On cumulative cash-basis a \$0.7 M inflow is included after reversing the cumulative \$1.6 M non-cash OPEB accrual
  - All revenues are conservatively projected to be flat including Management Fees Earned but will likely increase annually

- It is recommended that BMHA closely monitor the COCC's individual budget as significant fluctuations would require immediate action to address a budgetary shortfall
- All collective bargaining units and non-represented employees will be under contract for the first two years of the Financial Plan
  - The ratified labor agreements with Local 264 and with Local 409 are set to expire on June 30, 2023
  - BMHA has provided for incremental labor contract costs
- Revenues and expenses appear fairly stated within the Financial Plan on both an individual and consolidated basis
  - Revenues are predictable and are consistent with current fiscal year-end estimates
  - A combined net income is projected in each of the four years of the Financial Plan
  - BMHA has budgeted the HUD Operating Subsidy based on a 96% proration (current proration rate = 97%)
    - In the event the proration factor is lowered at the federal level, this revenue would decrease

Hearing no questions or comments Chair Olsen thanked Ms. Robe for her summary and advance the agenda.

### **New Business**

Chair Olsen asked if there was any new business for the Board to consider. Hearing no he asked for a motion to adjourn.

### **Adjournment**

Secretary Floss made a motion to adjourn. Chair Olsen seconded the motion. The meeting was adjourned by consensus.

The meeting ended at 3:16 PM.